file

The **BOARD OF DIRECTORS** *of* **DOMINION STORES LIMITED**

presents the **46TH ANNUAL REPORT**

To the Shareholders

Fiscal year ended **MARCH 19, 1966**

Contents

Version française

On peut obtenir un exemplaire français du présent Rapport annuel en s'adressant au Secrétaire de la Compagnie, 605 Rogers Road, Toronto 15, Ontario.

Auditors

McDonald, Currie & Co., Toronto

Bankers

Bank of Montreal
Banque Canadienne Nationale
Banque Provinciale du Canada
Canadian Imperial Bank of Commerce
The Bank of Nova Scotia
The Royal Bank of Canada
The Toronto-Dominion Bank

Transfer Agents

Crown Trust Company,
Toronto, Montreal and Vancouver

The Eastern & Chartered Trust Company,
Halifax and Saint John

Bankers Trust Company, New York

Registrars

Crown Trust Company,
Toronto, Montreal and Vancouver

The Eastern & Chartered Trust Company,
Halifax and Saint John

Bankers Trust Company, New York

The Annual Meeting of Shareholders will be held at the Head Office of the Company, 605 Rogers Road, Toronto, on Tuesday, the 21st day of June, 1966, at the hour of 12:00 o'clock noon.

Comparative Highlights

	For the Year Ended March 19, 1966	For the Year Ended March 20, 1965
Net Profit	$ 10,655,576	$ 10,077,827
per dollar of sales	2.07¢	2.07¢
per share of common stock	$ 1.32	$ 1.25
Dividends	$ 5,805,852	$ 5,153,811
per share of common stock	72¢	64¢
Sales	$513,656,740	$487,735,081
(An increase of $25,921,659 or 5.31%)		
Working Capital	$ 26,748,595	$ 24,691,271
Ratio of Current Assets to Current Liabilities	2.26	2.24
Total Reinvested Earnings	$ 51,331,926	$ 46,482,202
Shareholders' Equity	$ 66,948,862	$ 61,872,813
Number of Stores at End of Year	377	380

Dominion Stores Limited

Incorporated under the laws of Canada

Head Office:

605 Rogers Road,
Toronto 15

District Offices:

St. John's, Nfld.
Halifax, N.S.
Saint John, N.B.
Quebec, Que.
Montreal, Que.
Ottawa, Ont.
Toronto, Ont.
Hamilton, Ont.
Windsor, Ont.
Sudbury, Ont.
Winnipeg, Man.
Calgary, Alta.
Vancouver, B.C.

Directors

*JOHN A. McDOUGALD
Chairman of the Board and Chairman, Executive Committee

LEWIS H. M. AYRE
*STEWART G. BENNETT
*GEORGE M. BLACK, JR.

*ROBERT F. CHISHOLM
PIERRE PAUL DAIGLE
HON. GERALD MARTINEAU
*MAJ.-GEN. A. BRUCE MATTHEWS

*THOMAS G. McCORMACK
*COL. MAXWELL C. G. MEIGHEN
*E. P. TAYLOR

**Executive Committee*

Corporate Management

THOMAS G. McCORMACK
President and Chief Executive Officer

A. A. J. LEWIS
Vice-President, Operations

R. F. CHISHOLM
Executive Vice-President

IVOR CRIMP
Vice-President, Merchandising

A. A. BEEVOR
Vice-President and Treasurer

J. SCOTT FEGGANS
Vice-President, Advertising and Public Relations

N. H. SHAW, Q.C.
Vice-President and Secretary

JOSEPH VOIGT
Executive Director of Purchasing

E. CLIFFORD WENT
Vice-President, Personnel and Labour Relations

Divisional Management

W. FRANK CAPSTICK
Division Manager, Ontario

RUSSELL L. NETHERTON
Division Manager, Ontario

ALBERT DAVID
Division Manager, Quebec

CHARLES T. E. HALSEY
Division Manager, Western Canada

ROBERT H. JARDINE
Division Manager, Atlantic Provinces

District Management

HARRY TAYLOR
Vancouver, B.C.

J. A. MALCOLM
Northern Ontario

JACK WRIGHT
Toronto, Ontario

RÉAL BROUILLETTE
Quebec, Que.

WM. WADDINGTON
Calgary, Alta.

JOHN I. QUINN
London, Ontario

J. S. MURCHIE
Ottawa, Ontario

P. M. MONTFORD
Saint John, N.B.

J. N. CAMPBELL
Winnipeg, Manitoba

RONALD C. HYNE
Hamilton, Ontario

ALLEN C. JACKSON
Montreal, Quebec

JAMES F. EARLE
Halifax, N.S.

HARTLEY ST. J. AYRE
St. John's, Newfoundland

Special Management

STANLEY P. GIBSON
Manager, General Merchandise

THOMAS G. BOLTON
Manager, Research

JAN GORECKI
Manager, In-Store Bakeries

THOMAS THOMSON
Director, Plant Operations

WILLIAM HALLETT, *Manager*
Toronto Distribution Plant

JULES LAMONTAGNE
Manager, Services, Montreal

HAROLD F. McGILLIS, *Manager*
Montreal Distribution Plant

Annual Report

JOHN A. McDOUGALD

THOMAS G. McCORMACK

To Our Shareholders:

The 46th fiscal year in the corporate life of Dominion Stores Limited was completed at the close of business on Saturday, March 19, 1966. Your Board of Directors is pleased to report that during the 52 weeks your Company enjoyed the greatest patronage in its history, resulting in record earnings and a new high in dividends paid to shareholders.

Despite the fact that the Canadian economy continued to advance for the fifth consecutive year, with record national income, continued growth of urban population and a high rate of new family formations, it was not a year of easy achievement for the supermarket industry, for two principal reasons.

Firstly, there was continued economic pressure, from the primary producing level upward through all phases of processing and distribution, toward higher prices. Your Company, dedicated as it is to getting food to the public at the lowest possible cost, endeavoured to resist higher food prices through ceaseless efforts toward increased efficiency in every phase of our operations, and much was achieved in this area.

Secondly, the same spiralling economic pressures that tended to increase the cost to your Company of the merchandise it sells, also tended very strongly and inexorably to increase all costs of doing business.

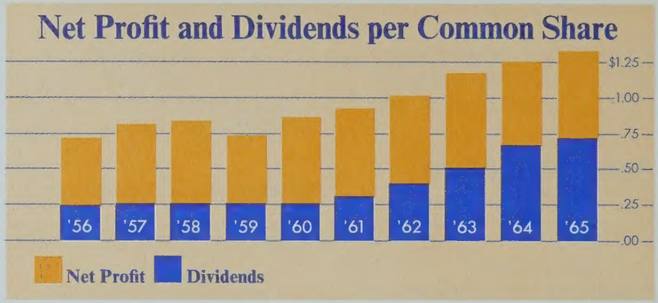
Caught between these two pressures, your Company's management avoided short-term expedients and endeavoured to protect our long-term image of offering the best quality merchandise, in the greatest possible variety, in convenient and pleasant surroundings, at the lowest possible price.

Your Board of Directors believes that the year-end results endorse your Company's policies throughout the year, and augur well for continued progress in the future.

Earnings

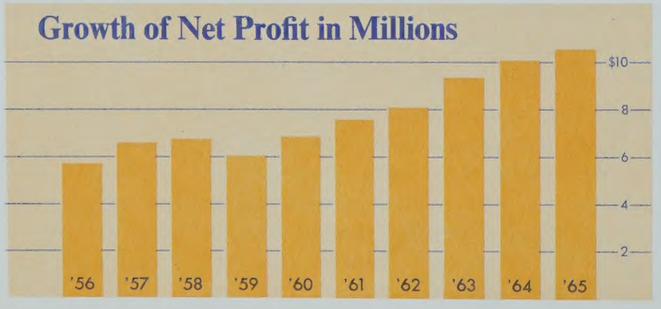
After providing $5,884,961 for depreciation and $11,010,000 for taxes on income, net profit for the fiscal year under review amounted to $10,655,576, an all-time record for your Company, and an increase of $577,749 or 5.73% over the previous year's record of $10,077,827.

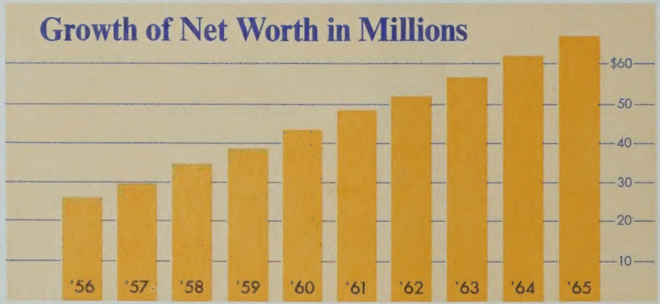
Net profit was equal to $1.32 per share compared with $1.25 in the previous year ended March 20, 1965. The ratio of net earnings to each dollar of sales was 2.07%. This is exactly the same as in the previous fiscal year, a noteworthy accomplishment considering the influences outlined in the previous paragraphs.



Dividends and Capital Stock

During the fiscal year under review, dividends paid to shareholders amounted to a record $5,805,852 (72 cents per share), an increase of $652,041 over the previous year's record of $5,153,811 (64 cents per share). Quarterly dividends of 18¢ each were paid on the 15th of June, September and December, 1965, and on the 15th of March, 1966.





During the year, options covering 11,166 shares of common stock were exercised under the employees' stock option plan, at the established option price, for a cash consideration of $226,325. This brought the total of shares outstanding at year end to 8,069,495.

Financial Resources

Your Company has maintained its strong financial position, with working capital at $26,748,595 or $2,057,324 higher than a year ago. Working capital ratio of 2.26 to 1 is also higher than last year. Current assets of $47,863,279 include cash and short term investments of $13,510,485.

Store properties costing $3,106,000 were sold and leased back during the year. This, together with the reinvestment of earnings, greatly contributed to providing the funds required for the continuing development of your Company.

Reinvested earnings at March 19, 1966, amounted to $51,331,926. Shareholders' equity, or net worth, was $66,948,862.

Sales

During the fiscal year under review, sales reached an all-time record of $513,656,740, an increase of $25,921,659 or 5.31% over the previous year's record of $487,735,081. It was the 25th consecutive year in which your Company has established a new sales record.

Average weekly sales were increased from slightly under $9.4 million the previous year, to almost $9.9 million, an increase of about half-a-million dollars per week. While a substantial portion of your Company's increased sales in the past year came from new stores opened throughout the year, and from modernized stores, a very worthwhile number of new customers were attracted to existing stores, particularly in the major metropolitan centres across the country.

Despite a quarter century of continued sales growth, your Company is not complacent about the future. No industry is more vulnerable

to intensified competition, on a week-to-week basis, than the supermarket business. To hold its present customers against the inroads of new competitive stores and increased promotional and other competitive devices, and to attract a worthwhile total of new customers to both new and existing stores, your Company's stores must continue to offer a package of services that are superior to anything available elsewhere.

Quality will not be sacrificed, despite inflationary influences. The greatest possible variety will be maintained, to meet the widely varying needs, wants and preferences of the public. The standards of store modernity and convenience will not be lowered. The friendly courtesy for which Dominion personnel are famous, will be maintained. And above all, your Company will exercise the highest degree of intelligence and efficiency to hold prices to the lowest possible level.

On this combination of services, your Company is confident that it can merit and achieve an ever-increasing share of the expanding Canadian retail food market.

Expenses

As stated in the opening paragraphs of this report, the cost of doing business continued to advance during the past fiscal year. Total

expenses were up about $7.5 million, of which $3.8 million, or more than one-half, was in increased employees' salaries and benefits.

Another major factor in increased expenses is the spiralling level of municipal taxes in the 197 communities across Canada in which your Company operates stores, distribution centres and offices.

Increased efficiency is the only counter-measure your Company can employ to minimize rising expenses. A great deal of study is constantly being applied in every area of the business and continued progress toward increased efficiency is anticipated.

Planned Development

It would be a prodigious feat of engineering to erect a large new supermarket, equip it with a wide variety of electrical equipment and display fixtures, stock its shelves with more than 7,000 different items of merchandise, and surround the structure with a huge paved parking area — all in the space of 14 days.

Yet, in effect, that is what your Company accomplished, not once, but 26 times throughout the entire 1965-66 fiscal year. During the fiscal year a total of 26 large new stores were opened — an average of one every 14 days. During the same period, 21 major store modernization projects were carried out, and 29 stores, mostly smaller units, were closed.

Planned development is continuing on a sound, selective basis across the ten provinces in which your Company operates. At the conclusion of the fiscal year under review, 64 new stores were in various stages of development or negotiation. It is anticipated that about 31 of these will be brought into service during the current fiscal year.

Personnel

Your Company's aggressive expansion programme is made possible by a continuing programme of employee development at all levels. Under this plan, a personal programme of development is established for every employee above junior rank. As advancement is made, each individual's ultimate objective is raised, with no limit other than the individual's ability.

In addition to on-the-job training, your Company encourages and subsidizes a wide variety of extra-curricular activities, including university courses, seminars, conferences, night and correspondence courses and other educational pursuits calculated to elevate the capacity of those who will provide the future leadership of the Company.

A. A. Beevor Retires

Alfred A. Beevor, Vice-President and Treasurer, has retired after 40 years of service to the Company, with the very best wishes of the Directors and his fellow-employees.

Annual Meeting

The Annual Meeting of shareholders will be held at the Head Office of the Company, 605 Rogers Road, Toronto, on Tuesday, the twenty-first day of June, at the hour of 12 o'clock noon.

In Appreciation

In conclusion, your Board of Directors expresses its appreciation to employees, suppliers, shareholders and customers for their loyal support during the successful year just concluded.

For the Board of Directors,

JOHN A. McDOUGALD,
Chairman of the Board

THOMAS G. McCORMACK,
President

Consolidated Statement of Earnings

		For the years ended March 19, 1966	March 20, 1965
Sales		$513,656,740	$487,735,081
Cost of Goods Sold		401,999,461	384,343,064
Expenses (note 1)	Employees' salaries and benefits	53,779,808	49,979,648
	Rent, light, heat, telephone, laundry, repairs and maintenance	18,506,176	16,477,664
	Other expenses, including advertising	9,762,770	8,783,567
	Depreciation on buildings and equipment	5,884,961	5,357,307
	Business taxes, licenses and insurance	1,771,833	1,734,496
	Interest expense	627,351	637,304
	Interest income	(341,196)	(535,796)
		89,991,703	82,434,190
Earnings Before Taxes on Income		21,665,576	20,957,827
Taxes on Income		11,010,000	10,880,000
Net Earnings for the Year		$ 10,655,576	$ 10,077,827

Auditors' Report

McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS

100 University Avenue,
Toronto.

We have examined the consolidated balance sheet of Dominion Stores Limited and its subsidiaries as at March 19, 1966 and the consolidated statements of earnings and source and use of funds for the fiscal year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of earnings and source and use of funds, when read in conjunction with the notes thereto, present fairly the financial position of the company as at March 19, 1966 and the results of its operations for the fiscal year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co.

Chartered Accountants

April 14, 1966

LIFT FLAP ▶

Consolidated Balance Sheet

Assets

	March 19, 1966	March 20, 1965
CURRENT:		
Cash	$ 7,114,598	$ 6,690,216
Short-term investments—at cost, which approximates market value	6,395,887	8,243,134
Accounts receivable	763,497	396,946
Mortgages receivable	598,366	777,996
Merchandise—valued at the lower of cost and market	31,886,841	26,964,645
Prepaid expenses	1,104,090	1,469,705
	47,863,279	44,542,642
MORTGAGES RECEIVABLE	264,175	304,467
FIXED ASSETS—at cost (note 2):		
Store, warehouse and office equipment	64,185,706	58,445,371
Buildings	17,448,628	17,222,853
	81,634,334	75,668,224
Accumulated depreciation	35,343,056	32,309,162
	46,291,278	43,359,062
Land	9,929,814	9,603,013
	56,221,092	52,962,075
	$104,348,546	$ 97,809,184

at March 19, 1966

Liabilities

	March 19, 1966	March 20, 1965
CURRENT:		
Accounts payable and accrued expenses....	$ 16,635,990	$ 14,551,967
Income and sundry taxes................	4,258,694	5,299,404
Sinking fund instalment due within one year	220,000	—
	21,114,684	19,851,371
PROVISION FOR FUTURE INCOME TAXES (note 2)....................	3,540,000	3,120,000
FUNDED DEBT (note 3)................	12,745,000	12,965,000
CAPITAL STOCK (note 4):		
Authorized — 20,000,000 common shares without nominal or par value. Issued and fully paid — 8,069,495 shares (last year 8,058,329)........................	15,616,936	15,390,611
REINVESTED EARNINGS:		
Balance at beginning of the year..........	46,482,202	41,558,186
Net earnings for the year................	10,655,576	10,077,827
Dividends to shareholders...............	(5,805,852)	(5,153,811)
Reinvested earnings....................	51,331,926	46,482,202
SHAREHOLDERS' EQUITY............	66,948,862	61,872,813
	$104,348,546	$ 97,809,184

Signed on behalf of the Board—
THOMAS G. McCORMACK, A. BRUCE MATTHEWS,
Directors

Distribution of Income

for the fiscal year ended March 19, 1966

	$	%
Sales		
Total income increased 5.3% over the previous year, to..............	513,656,740	100.00
Paid to Suppliers		
Purchases from farmers, producers, packers, manufacturers and other suppliers were increased 4.6% over the previous year, to..............	401,999,461	78.26
Paid to Employees		
Salaries and other employee benefits were increased 7.6% over the previous year, to........................	53,779,808	10.47
Operational Costs		
Rents, local taxes, licenses, insurance, light, heat, water, telephone, laundry, maintenance, depreciation on buildings and equipment, advertising, debenture interest and other expenses, totalled........................	36,211,895	7.06
Taxes on Income		
Taxes on income payable to Federal and Provincial Governments amounted to....................	11,010,000	2.14
Paid to Shareholders		
Equal to 72¢ per share, dividends to shareholders amounted to........	5,805,852	1.13
Reinvested in the Business		
The balance available from the year's operations to provide for continued development and for working capital requirements was.................	4,849,724	.94

◀ LIFT FLAP

Consolidated Statement of Source and

Source of Funds

Net earnings for the year.
Charges not requiring cas
Depreciation on fixed
Provision for future i
Disposal of land, building
Portion of mortgages re
non-current. . . . .
Sale of 11,166 shares of
stock option plan (last

Use of Funds

Investment in land, buildi
Dividends paid to shareho
Reduction of long-term d

Working Capital

Increase (Decrease) Du
Balance — Beginning o
Balance — End of the Y

Use of Funds

	For the years ended March 19, 1966	March 20, 1965
....	$10,655,576	$10,077,827
outlay:		
assets	5,884,961	5,357,307
come taxes	420,000	363,000
and equipment	4,754,665	2,923,193
eivable transferred from	40,292	361,934
ommon stock under the ear 8,329)	226,325	168,662
	21,981,819	19,251,923
gs and equipment	13,898,643	16,004,798
ders	5,805,852	5,153,811
ot	220,000	530,000
	19,924,495	21,688,609
NG THE YEAR	2,057,324	(2,436,686)
THE YEAR	24,691,271	27,127,957
AR	$26,748,595	$24,691,271

Consolidated Balance Shee

Assets

	March 19, 1966	March 20, 1965
CURRENT:		
Cash	$ 7,114,598	$ 6,690,216
Short-term investments—at cost, which approximates market value	6,395,887	8,243,134
Accounts receivable	763,497	396,946
Mortgages receivable	598,366	777,996
Merchandise—valued at the lower of cost and market	31,886,841	26,964,645
Prepaid expenses	1,104,090	1,469,705
	47,863,279	44,542,642
MORTGAGES RECEIVABLE	264,175	304,467
FIXED ASSETS—at cost (note 2):		
Store, warehouse and office equipment	64,185,706	58,445,371
Buildings	17,448,628	17,222,853
	81,634,334	75,668,224
Accumulated depreciation	35,343,056	32,309,162
	46,291,278	43,359,062
Land	9,929,814	9,603,013
	56,221,092	52,962,075
	$104,348,546	$ 97,809,184

at March 19, 1966

Liabilities

	March 19, 1966	March 20, 1965
CURRENT:		
Accounts payable and accrued expenses....	$ 16,635,990	$ 14,551,967
Income and sundry taxes................	4,258,694	5,299,404
Sinking fund instalment due within one year	220,000	—
	21,114,684	19,851,371
PROVISION FOR FUTURE INCOME TAXES (note 2)....................	3,540,000	3,120,000
FUNDED DEBT (note 3)...............	12,745,000	12,965,000
CAPITAL STOCK (note 4):		
Authorized — 20,000,000 common shares without nominal or par value. Issued and fully paid — 8,069,495 shares (last year 8,058,329).........................	15,616,936	15,390,611
REINVESTED EARNINGS:		
Balance at beginning of the year.........	46,482,202	41,558,186
Net earnings for the year...............	10,655,576	10,077,827
Dividends to shareholders..............	(5,805,852)	(5,153,811)
Reinvested earnings....................	51,331,926	46,482,202
SHAREHOLDERS' EQUITY............	66,948,862	61,872,813
	$104,348,546	$ 97,809,184

Signed on behalf of the Board —
THOMAS G. McCORMACK, A. BRUCE MATTHEWS,
Directors

Notes to Financial Statements

1. REMUNERATION OF DIRECTORS AND DIRECTOR OFFICERS

Expenses include $375,442 (last year $297,805) for remuneration of Directors and Director Officers. Included therein are amounts paid as fees of $37,500 (last year $40,375) for those directors who are not officers.

2. FIXED ASSETS

Recorded depreciation has been computed on a straight-line basis to amortize the cost of the assets over their estimated useful life. The Company has continued to claim maximum allowances for income tax purposes.

3. FUNDED DEBT

	March 19, 1966	March 20, 1965
Redeemable Sinking Fund Debentures		
5% Series "A"— maturing May 1, 1972......	$ 2,060,000	$ 2,060,000
4¼% Series "B"— maturing November 1, 1975	5,930,000	5,930,000
5½% Series "C"— maturing December 1, 1976	4,975,000	4,975,000
	12,965,000	12,965,000
Deduct: Sinking fund instalment due within one year, included in current liabilities...............	220,000	—
	$12,745,000	$12,965,000

The amounts remaining to be paid in the next five fiscal years to meet the sinking fund provisions of the funded debt are:

Fiscal years ending March 1967	$220,000
1968	$750,000
1969	$960,000
1970	$960,000
1971	$960,000

4. STOCK OPTION PLAN

Of the 300,000 unissued common shares reserved under the employees' stock option plan on June 23, 1964 there are 87,130 shares which have not as yet been allotted.

At March 19, 1966 there were unexercised options covering 187,160 shares (including directors or officers 17,800 shares) at $20.25 which expire on June 22, 1969 and 6,215 shares at $24.50 which expire on June 22, 1970.

5. LONG-TERM LEASES

The total minimum rental liability under leases (excluding insurance, property taxes and certain other occupancy charges) for each of the periods shown below, is as follows:

	March 19, 1966	March 20, 1965
Within 10 years	$54,895,068	$48,238,912
Within the next 5 years	19,193,191	16,521,448
Within the next 5 years	14,866,314	13,261,966
Within the remainder of the term	4,930,750	5,515,492
	$93,885,323	$83,537,818
Minimum annual rentals payable under such leases are	$ 9,360,485	$ 8,395,257

During the year properties costing $3,106,000 were sold and leased back on a 30 year term. The related minimum annual rentals of $242,676 are included above.

Certain leases contain an option to cancel. Should the Company exercise these options, it could be required to purchase the related properties.

6. PENSION PLAN

As a result of the introduction of the Canada and Quebec Pension Plans and a revision of the Company's existing plan, all of which were effective January 1, 1966, it is estimated that the annual pension cost will be increased by approximately $900,000.

Ten Year Financial Summary

(000 OMITTED)

As at fiscal years ended March:	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957
TOTAL ASSETS	$104,349	$97,809	$93,453	$86,690	$84,288	$80,140	$77,645	$74,184	$65,887	$64,508
CURRENT ASSETS	$ 47,863	$44,543	$47,549	$43,577	$42,088	$37,928	$35,292	$39,241	$31,945	$35,009
CURRENT LIABILITIES	21,114	19,852	20,421	18,052	16,796	16,496	18,105	18,219	14,038	17,044
WORKING CAPITAL	26,749	24,691	27,128	25,525	25,292	21,432	17,187	21,022	17,907	17,965
Working Capital ratio	2.26	2.24	2.33	2.41	2.50	2.30	1.95	2.15	2.28	2.05
OTHER ASSETS	264	305	666	780	789	858	497	—	—	90
NET FIXED ASSETS	56,221	52,962	45,238	42,333	41,411	41,354	41,856	34,943	33,942	29,409
PROVISION FOR FUTURE INCOME TAXES	3,540	3,120	2,757	2,635	2,635	2,510	2,263	1,723	1,368	768
FUNDED DEBT (excludes current portion)	12,745	12,965	13,495	14,524	16,375	17,722	18,715	19,675	20,635	21,385
BOOK VALUE OF SHAREHOLDERS' INVESTMENT IN THE BUSINESS	$ 66,949	$61,873	$56,780	$51,479	$48,482	$43,412	$38,562	$34,567	$29,846	$25,311
Accounted for as follows—Capital stock	$ 15,617	$15,391	$15,222	$15,222	$15,222	$15,222	$15,222	$15,222	$15,222	$15,222
—Reinvested earnings	$ 51,332	$46,482	$41,558	$36,257	$33,260	$28,190	$23,340	$19,345	$14,624	$10,089
NUMBER OF SHARES OUTSTANDING (000 omitted)	8,069	8,058	8,050	8,050	8,050	8,050	8,050	8,050	8,050	8,050
NUMBER OF SHAREHOLDERS	10,053	9,758	9,084	9,317	8,550	3,772	4,052	3,450	3,363	3,214
CAPITAL EXPENDITURES (000 omitted)	$ 13,899	$16,004	$ 9,145	$ 7,027	$ 5,672	$10,715	$19,249	$13,048	$18,293	$11,781

NOTE: Number of shares outstanding (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

Ten Year Statement of Earnings

(000 OMITTED)

For the fiscal years ended March:	1966	1965	1964	1963*	1962	1961	1960	1959	1958	1957*
SALES	$513,657	$487,735	$459,346	$427,017	$408,173	$400,946	$388,405	$356,424	$311,686	$270,519
EXPENSES:										
Total expenses other than items shown below	$ 30,327	$ 27,097	$ 25,943	$ 23,832	$ 22,313	$ 21,051	$ 19,287	$ 15,798	$ 12,973	$ 11,438
Employees' salaries and benefits	53,780	49,980	44,647	40,957	38,304	36,837	34,866	30,630	26,421	21,869
Depreciation on buildings and equipment	5,885	5,357	4,779	4,556	4,412	4,257	3,732	3,235	2,748	2,137
Total expenses	$ 89,992	$ 82,434	$ 75,369	$ 69,345	$ 65,029	$ 62,145	$ 57,885	$ 49,663	$ 42,142	$ 35,444
EARNINGS BEFORE TAXES ON INCOME	$ 21,666	$ 20,958	$ 19,451	$ 16,733	$ 15,280	$ 14,362	$ 12,237	$ 13,259	$ 12,771	$ 11,434
Per dollar of sales	4.21¢	4.30¢	4.23¢	3.92¢	3.74¢	3.58¢	3.15¢	3.72¢	4.10¢	4.23¢
TAXES ON INCOME	$ 11,010	$ 10,880	$ 10,125	$ 8,601	$ 7,775	$ 7,500	$ 6,230	$ 6,525	$ 6,223	$ 5,711
Per dollar of sales	2.14¢	2.23¢	2.20¢	2.02¢	1.90¢	1.87¢	1.60¢	1.83¢	2.00¢	2.11¢
NET EARNINGS	$ 10,656	$ 10,078	$ 9,326	$ 8,132	$ 7,505	$ 6,862	$ 6,007	$ 6,734	$ 6,548	$ 5,723
Per dollar of sales	2.07¢	2.07¢	2.03¢	1.90¢	1.84¢	1.71¢	1.55¢	1.89¢	2.10¢	2.12¢
Per share	$ 1.32	$ 1.25	$ 1.15	$ 1.01	$ .93	$ .85	$ .74	$ .83	$ .81	$ .71
DIVIDENDS	$ 5,806	$ 5,154	$ 4,025	$ 3,059	$ 2,435	$ 2,013	$ 2,013	$ 2,013	$ 2,013	$ 1,912
Per share	72¢	64¢	50¢	38¢	30¼¢	25¢	25¢	25¢	25¢	23¾¢
NUMBER OF EMPLOYEES — full time	8,437	8,023	7,900	7,280	7,356	7,295	7,429	7,426	6,637	5,797
— part time	8,125	7,159	7,587	6,416	6,862	6,155	6,102	6,298	5,630	4,681
	16,562	15,182	15,487	13,696	14,218	13,450	13,531	13,724	12,267	10,478
NUMBER OF STORES OPENED DURING YEAR	26	29	18	17	10	26	30	18	39	41
NUMBER OF STORES AT END OF YEAR	377	380	368	363	355	358	351	342	334	326

*53 Weeks

NOTE: Net earnings per share (March 1961 and prior) adjusted to reflect August 1, 1961 stock split.

Dominion Radio Jingle Wins National Award

The euphonious and ubiquitous Dominion radio commercial, "It's Mainly Because of the Meat", is much more than just an advertising slogan. Long before the radio jingle was created (by Dominion's own staff), consumer opinion surveys disclosed that the quality of Dominion meats and personal meat service was a primary reason why many Canadians preferred to shop at Dominion.

Like the quality of Dominion meats, the quality of Dominion's radio commercial has now been voted superior to all others. At the 1965 Canadian Radio Commercial Festival, your Company's jingle was awarded the Premier Award, illustrated to the left.

The Aim of Dominion Stores Limited is to fulfil with ever-increasing efficiency its responsibility as a distributor of food thereby performing a satisfactory service to the consumer, producer, manufacturer and processor; to discharge its responsibility to shareholders whose investment makes the company possible, and to provide its employees with a satisfactory living under the best possible conditions.

AR39

DOMINION STORES LIMITED

Semi-Annual Report

for the 26 weeks ended September 17, 1966

HALF-YEAR HIGHLIGHTS

	26 Weeks Ended	
	Sept. 17, 1966	Sept. 18, 1965
SALES - - - - - - - - - - - - -	$266,306,184	$245,907,873
OPERATING PROFIT - - - - -	$ 14,268,840	$ 13,235,274
Depreciation - - - - - - - - -	3,128,427	2,851,174
Taxes on Income - - - - - - -	5,770,000	5,375,000
NET PROFIT - - - - - - - - - -	$ 5,370,413	$ 5,009,100
Per sales dollar - - - - - - - -	2.02¢	2.04¢
Per share - - - - - - - - - -	66¢	62¢
DIVIDENDS - - - - - - - - - -	$ 2,906,040	$ 2,901,821
Per share - - - - - - - - - -	36¢	36¢
Working capital - - - - - - - - -	$ 26,898,469	$ 23,041,604
Working capital ratio - - - - -	2.21	2.13
Total reinvested earnings - - - -	$ 53,796,299	$ 48,589,481
Shareholders' equity - - - - - - -	$ 69,481,234	$ 64,078,366
Number of stores at end of period -	377	369

To the Shareholders

OF DOMINION STORES LIMITED

Your Board of Directors is pleased to report that during the first half of the current fiscal year (March 20 to September 17), satisfactory progress was achieved in the face of intense competition and rising costs of doing business.

SALES — Sales for the 26 weeks reached a new first half-year high of $266.3 millions, an increase of $20.4 millions or 8.30%.

EARNINGS — Despite rising costs for labour, taxes, rent and store equipment, net earnings for the 26 weeks under review were $5.4 millions, an increase of $361,313, or 7.21%, compared with the corresponding 26 weeks a year ago. Net profit per share was 66¢ compared with 62¢ at this point last year. Net profit per dollar of sales declined fractionally from 2.04¢ to 2.02¢.

EXPANSION — Your Company is the only Canadian supermarket chain that serves all ten Canadian provinces. Such a broad base provides excellent opportunities for continued expansion, on a sound and highly selective basis. During the half year under review, nine modern supermarkets were opened in nine different communities in five provinces: Cornerbrook, Nfld.; Moncton, N.B.; Sherbrooke and Granby, Que.; Ancaster, Toronto and Etobicoke, Ont.; Winnipeg and St. Boniface, Man. Nine obsolete stores were closed and at September 17, 1966, a total of 377 stores were in operation.

At September 17, seventeen additional supermarkets were at various stages of development, and are expected to be brought into operation during the second half of the fiscal year. A planned programme of modernizing older stores is being maintained.

SHAREHOLDERS CAN HELP — In addition to shopping at Dominion and recommending your stores to relatives, friends and neighbours, shareholders can serve the Company by spreading knowledge of the small net profit on which Dominion operates — approximately 2¢ on every dollar of sales, one of the lowest of all industries.

On such a slim margin of profit, great efficiency is required to maintain a sound and stable pattern of progress. Your Board of Directors believes that the continued record of growth achieved by your Company in the face of rising expenses and other inflationary influences, is testimony to the efficiency, loyalty and dedication of Dominion's management and personnel at all levels.

On behalf of the Board of Directors,
THOMAS G. McCORMACK
President

CONSOLIDATED BALANCE SHEET

ASSETS

	Sept. 17, 1966	Sept. 18, 1965
CURRENT:		
Cash	$ 8,325,275	$ 5,437,899
Short term investments	3,330,163	5,598,700
Mortgages and accounts receivable	1,451,476	1,587,806
Accounts receivable on properties under construction	1,030,365	—
Refundable 5% profits tax	302,579	—
Merchandise	32,494,465	28,417,583
Prepaid expenses	2,196,635	2,293,150
	49,130,958	43,335,138
MORTGAGES RECEIVABLE	452,589	246,625
FIXED — at cost:		
Buildings and equipment	85,682,991	80,253,422
Accumulated depreciation	37,886,120	33,696,035
	47,796,871	46,557,387
Land	10,618,305	10,317,750
Net fixed assets	58,415,176	56,875,137
	$107,998,723	$100,456,900

LIABILITIES

	Sept. 17, 1966	Sept. 18, 1965
CURRENT:		
Accounts payable	$ 17,576,146	$ 15,670,810
Income and sundry taxes	4,656,343	4,622,724
	22,232,489	20,293,534
PROVISION FOR FUTURE INCOME TAXES	3,540,000	3,120,000
FUNDED DEBT	12,745,000	12,965,000
CAPITAL STOCK:		
Authorized — 20,000,000 common shares		
Issued — 8,072,853 shares (last year 8,063,182 shares)	15,684,935	15,488,885
REINVESTED EARNINGS	53,796,299	48,589,481
	$107,998,723	$100,456,900

BILAN CONSOLIDÉ

ACTIF

	17 sept. 1966	18 sept. 1965
Disponibilités:		
Encaisse	$ 8,325,275	$ 5,437,899
Placements à court terme	3,330,163	5,598,700
Hypothèques et comptes à recevoir	1,451,476	1,587,806
Comptes à recevoir sur immeubles en construction	1,030,365	—
Impôt de 5% sur les bénéfices remboursable	302,579	—
Marchandises	32,494,465	28,417,583
Dépenses payées d'avance	2,196,635	2,293,150
	49,130,958	43,335,138
Hypothèques à recevoir	452,589	246,625
Immobilisations — au prix coûtant:		
Immeubles et installations	85,682,991	80,253,422
Amortissement accumulé	37,886,120	33,696,035
	47,796,871	46,557,387
Terrains	10,618,305	10,317,750
Immobilisations nettes	58,415,176	56,875,137
	$107,998,723	$100,456,900

PASSIF

	17 sept. 1966	18 sept. 1965
Exigibilités:		
Comptes à payer	$ 17,576,146	$ 15,670,810
Impôts et taxes diverses	4,656,343	4,622,724
	22,232,489	20,293,534
Provision pour impôts futurs sur le revenu	3,540,000	3,120,000
Dette à long terme	12,745,000	12,965,000
Capital-actions:		
Autorisé — 20,000,000 d'actions ordinaires		
Émis — 8,072,853 actions (année dernière 8,063,182 actions)	15,684,935	15,488,885
Bénéfices réinvestis	53,796,299	48,589,481
	$107,998,723	$100,456,900

Aux actionnaires

DE DOMINION STORES LIMITED

Votre conseil d'administration a le plaisir de vous faire part qu'au cours du premier semestre du présent exercice (du 20 mars au 17 septembre), les progrès ont été satisfaisants malgré une concurrence intense et des frais d'exploitation grandissants.

VENTES — S'établissant à $266.3 millions, le volume des ventes des 26 semaines a touché un nouveau sommet pour un premier semestre et marqué une augmentation de $20.4 millions ou 8.30%.

BÉNÉFICES — En dépit des frais croissants de main-d'oeuvre, impôts, loyers et équipement des magasins, les bénéfices nets des 26 semaines qui font l'objet du présent rapport, se sont élevés à $5.4 millions, une augmentation de $361,313 ou 7.21% au regard des 26 semaines correspondantes du dernier exercice. Le profit net par action a atteint 66 cents, comparativement à 62 cents à ce stade l'année dernière. Le profit net par dollar de ventes a subi un fléchissement fractionnaire, pour passer de 2.04 cents à 2.02 cents.

EXPANSION — Votre compagnie est la seule chaîne canadienne de super-marchés établie dans les 10 provinces du Canada. Un aussi vaste champ d'opérations offre d'excellentes occasions d'expansion sur des assises solides et extrêmement sélectives. Durant le semestre qui fait l'objet du présent rapport, neuf super-marchés modernes ont été ouverts dans neuf localités de cinq provinces: Cornerbrook, T.-N.; Moncton, N.-B.; Sherbrooke et Granby, Qué.; Ancaster, Toronto et Etobicoke, Ont.; Winnipeg, et Saint-Boniface, Man. Neuf magasins démodés ont été fermés et, au 17 septembre 1966, il y avait au total 377 magasins en exploitation.

Au 17 septembre, 17 autres super-marchés avaient atteint divers stades de leur installation et on s'attend de les mettre en marche au cours du second semestre de l'exercice. Un programme concerté de modernisation d'anciens magasins suit son cours.

CONTRIBUTION DES ACTIONNAIRES — En plus d'effectuer leurs achats chez Dominion Stores et de recommander nos magasins à des parents, amis et voisins, les actionnaires peuvent servir la compagnie en faisant connaître la faible marge de profit sur laquelle est fondée l'exploitation de Dominion Stores — approximativement 2 cents de chaque dollar de ventes, une des plus basses de toutes les industries.

Une marge de profit aussi minime exige une grande efficacité pour permettre de continuer à progresser de manière vigoureuse et continue. Votre conseil d'administration estime que le record soutenu de croissance de votre compagnie en dépit des dépenses croissantes et autres influences inflationnistes est preuve de l'efficacité, de la loyauté et du dévouement de la direction et du personnel de Dominion Stores à tous les paliers.

Au nom du Conseil d'administration
Le Président,
THOMAS G. McCORMACK

POINTS SAILLANTS DU SEMESTRE

	26 semaines terminées le	
	17 sept. 1966	18 sept. 1965
VENTES	$266,306,184	$245,907,873
PROFIT D'EXPLOITATION	$ 14,268,840	$ 13,235,274
Amortissement	3,128,427	2,851,174
Impôts sur le revenu	5,770,000	5,375,000
PROFIT NET	$ 5,370,413	$ 5,009,100
Par dollar de ventes	2.02¢	2.04¢
Par action	66¢	62¢
DIVIDENDES	$ 2,906,040	$ 2,901,821
Par action	36¢	36¢
Fonds de roulement	$ 26,898,469	$ 23,041,604
Rapport du fonds de roulement	2.21	2.13
Total des bénéfices retenus	$ 53,796,299	$ 48,589,481
Avoir des actionnaires	$ 69,481,234	$ 64,078,366
Nombre de magasins à la fin du semestre	377	369

DOMINION STORES LIMITED

Rapport semi-annuel

pour les 26 semaines terminées le 17 septembre 1966